

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 DODE-00 PA-01 PRS-01 FEA-01
INT-05 OES-06 L-03 H-01 ARA-06 /113 W
-----292244Z 047236 /61

R 290735Z APR 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4696

INFO USLO PEKING

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

AMEMBASSY PARIS

CINCPAC

COMUSTDC

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CINCPAC FOR POLAD

E.O. 11652: NA

TAGS: ECON, ETRD, CH

SUBJECT: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS NO. 2

1. THE NATIONAL LEARN FROM TACHING IN INDUSTRY
CONFERENCE, WHICH BEGAN APRIL 20 AT THE TACHING OILFIELD,
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HAS NO FAR PRODUCED NO SURPRISES. CONFERENCE STATEMENTS
AND SPEECHES REFLECT THE PRAGMATIC ECONOMIC PROGRAM THAT
THE HUA LEADERSHIP IS ATTEMPTING TO DEVELOP-A PROGRAM
VERY SIMILAR IN THRUST TO THAT ADVOCATED BY FORMER VICE PERMIER
TENG HSIAO-PING. THE TACHING FORMULA FOR SUCCESS CALLS FOR
HARD-NOSE MANAGEMENT REGULATIONS AIMED AT STRENGTHENING
PLANNING, MATERIALS USAGE, STRICT COST ACCOUNTING, LABOR

PRODUCTIVITY, AND TECHNICAL WORK WITH CLOSE PARTY INVOLVEMENT IN OPERATIONS. THIS MODEL IS NOW TO BE APPLIED TO ALL PRC INDUSTRIAL ENTERPRISES, THE DELEGATES RECONVENED IN PEKING APRIL 27 WHERE CHAIRMAN HUA IS EXPECTED TO DELIVER A MAJOR ADDRESS.

2. DUE TO A POSITIVE BUSINESS ATTITUDE ON THE PART OF THE CHINESE, US TRADE AT THE CURRENT CANTON FAIR IS OUTPACING THAT OF LAST SPRING'S FAIR. US VISITORS ARE DOING A BRISK BUSINESS, PARTICULARLY IN NATIVE PRODUCE BUT ALSO IN MINERALS AND METALS. SUPPLY SHORTAGES ARE CONCENTRATED IN FOODSTUFFS. NATIONAL COUNCIL FOR US-CHINA TRADE REPRESENTATIVES VISITING THE FAIR WERE TOLD BY PRC OFFICIALS THAT THE FIRST HALF OF THE FAIR WILL BE DEVOTED TO CHINESE EXPORTS WHILE THE SECOND HALF WILL SEE THE CHINESE TURN TO BUYING A SHARP DEPARTURE FROM PAST PRACTICE FOR THIS EXPORT-ORIENTED EVENT.

3. CHINA HAS RENEWED ITS CRUDE OIL SUPPLY CONTRACT WITH THE PHILIPPINES. THE CONTRACT AGAIN CALLS FOR 900,000 TONS OF SHENGLI CRUDE AT AN INCREASE BUT STILL "FRIENDLY" PRICE. DELIVERIES UNDER THE NEW CONTRACT SHOULD BEGIN BY JUNE.

4. THE JAPAN-ROK CONTINENTAL SHELF AGREEMENT, CURRENTLY UNDER CONSIDERATION BY THE DIET, HAS BEEN VERBALLY CRITICIZED BY THE PRC EMBASSY IN TOKYO AS VIOLATING CHINESE SOVEREIGNTY. THE PROTEST PLACED THE RESPONSIBILITY FOR ANY CONSEQUENCES ARISING OUT OF THE DEVELOPMENT LIMITED OFFICIAL USE

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OF THE AREA ON JAPAN AND THE ROL BUT AGAIN IGNORED THE JAPANESE FOREIGN OFFICE'S OFFER TO DISCUSS THE SHELF AGREEMENT. THE PROTEST WAS SIMILAR IN CONTENT TO AN EARLIER ONE MADE WHEN THE AGREEMENT WAS SIGNED IN 1974.

5. ALTHOUGH MUCH OF CHINA IS STILL AWAITING THE ARRIVAL OF THE SPRING RAINS, USDA METEOROLOGICAL DATA FROM WASHINGTON INDICATES THAT MUCH OF THE AREA SOUTH OF THE YANTZE RECEIVED TIMELY RAIN IN APRIL WHICH SHOULD GO FOR TO ALLEVIATE THE EFFECTS OF THE DROUGHT. THE MAJOR WINTER WHEAT AREAS TO THE NORTH, HOWEVER, HAD NOT RECEIVED SUFFICIENT RAIN AS OF MID-APRIL, THREATENING THE WINTER WHEAT CROP WITH HEAVY LOSSES. NUMEROUS REPORTS AND RUMORS ARE CIRCULATING THAT THE PRC IS IN THE MARKET FOR ADDITIONAL WHEAT FROM ARGENTINA AND CANADA. CROSS

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